

A Statewide Summary for the North Carolina Indian Economic Development Initiative

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This document in its entirety represents the findings and recommendations of the Office of Economic Development of UNC's Kenan Institute for Private Enterprise to the North Carolina Indian Economic Development Initiative (NCIEDI). The opinions are those of the authors and do not necessarily reflect the official position of the tribe or association. The acknowledgments section of each report indicates the level of interaction we had with representatives of that tribe or association.

In any case, no substantive alterations may be made in the material presented herein without the written consent of the Office of Economic Development. These findings and recommendations are intended for review by the Indian tribes and organizations and may be incorporated, as deemed appropriate and with due attribution, into plans and actions to improve the status of economic development in North Carolina's Indian communities. However, such plans and actions are the responsibility of the economic development committees of the Indian Tribes and organizations and of NCIEDI and not the Office of Economic Development. To discuss technical assistance in using this report or associated information to create economic development plans or grant proposals please contact Leslie Stewart at the Office of Economic Development, Kenan Institute for Private Enterprise, 919/962-8871.

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And finally, we wish to dedicate this study to Lonnie Revels, who was the founding chairman of the NCIEDI. Mr. Revels told us that working to increase economic opportunity for American Indians in North Carolina was his most important among many commitments. We hope that this report helps to set the stage for strategic action and success in Indian economic development in North Carolina for many years to come.

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A Statewide Summary for the North Carolina Indian Economic Development Initiative

Introduction to the Study

This assessment represents an objective inventory of the assets and opportunities of American Indians in North Carolina.¹ Its purpose is to help the tribes and urban associations improve the economic condition of their communities, including the development of jobs and Native American-owned businesses. It considers the economic resources and potentials of tribal councils, other Indian-run organizations, Native business owners and citizens, and the communities in which they reside. This comprehensive and place-focused (rather than organization-focused) approach is consistent with the way economic development is practiced, leveraging all the local resources for greatest advantage in a very competitive global economy.

The work for this study was completed by a team of researchers from the University of North Carolina at Chapel Hill and the University of North Carolina at Pembroke: Leslie Stewart, Brenda Linton, and Sylvia Pate, with Michael Luger serving as a senior advisor. These individuals staff the Office of Economic Development at UNC-Chapel Hill and the Center for Economic, Community and Professional Development at UNC-Pembroke.

The project ran from June 2002 to July 2003. The methods for the study included:

- A meeting with representatives of all the tribes and associations in September 2002 to explain and launch the study;
- Visits to the tribal communities to interview key leaders and in several cases conduct focus groups with American Indian entrepreneurs and/or tribal officials;
- A review of secondary data from the U.S. Census Bureau, the N.C. Employment Security Commission, the N.C. Department of Commerce, and numerous other sources of economic data on the communities and regions where the tribes reside;
- Review of written documents from tribes, where available, such as histories, strategic plans and grant applications;

1. Throughout this report, we use the terms American Indian, Native American, Native, and Indian interchangeably, based on input from several of the tribes and associations about their preferred description.

- Calls to economic development officials, Small Business Centers, community colleges, utilities, real estate developers and others to gather information about economic development assets and programs;
- Web searches of organizations that are current or potential partners of the tribes and associations, in order to validate and glean information relevant to future planning;
- Review of literature and web sites on best practices — in both Native American and other communities — related to economic development projects in which each tribe or association has a particular interest; and
- Follow-up calls and in some cases visits with tribal leaders to complete factual information and discuss the recommendations in the draft reports.

This study was commissioned by the N.C. Indian Economic Development Initiative (NCIEDI), with grants from the N.C. Rural Center and the Progress Energy Foundation. The NCIEDI was established in 2002 by the North Carolina Commission on Indian Affairs (NCCIA) as an independent non-profit to focus on economic development, a priority that most of the North Carolina-recognized tribes² had recently identified. The NCIEDI board includes representatives from seven participating tribes³ and four urban associations, shown in Table 1.

TABLE 1
Indian Organizations Participating in the NCIEDI

<u>Indian entities</u>	<u>Administrative home</u>
<i>Tribes</i>	
Coharie Tribe	Clinton
Haliwa-Saponi Tribe	Hollister
Lumbee Tribe	Pembroke
Meherrin Indian Tribe	Winton
Occaneechi Band of Saponi Nation	Hillsborough
Sappony of the High Plains Community*	Roxboro
Waccamaw Siouan Tribe	Bolton
<i>Urban associations</i>	
Cumberland County Association for Indian People	Fayetteville
Guilford Native American Association	Greensboro
Metrolina Native American Association	Charlotte
Triangle Native American Society	Raleigh

* This tribe is recognized by the State of North Carolina as the Indians of Person County, but their community extends into Virginia and has direct ties to the indigenous Sappony so the tribe prefers the High Plains title.

2. All of the organizations in Table 1 are recognized by the State of North Carolina. Although several have petitioned for federal recognition, including funding entitlements, none of the above has that status now.
3. The Eastern Band of the Cherokee Indians, the only North Carolina tribe with full federal recognition, was contacted about participating in the NCIEDI and the study. That tribe declined to participate and was not included in the assessment.

The four urban associations of Indian people are place-focused and represent American Indians from any number of tribes (including many from other states) who live in a certain metropolitan area. The organization in the Triangle strongly prefers the term society over association.

In addition, the NCIEDI board includes members from BB&T bank, the N.C. Rural Center, the Institute of Minority Economic Development, the Lumbee Guaranty Bank, the Self-Help Credit Union, the N.C. Community Development Initiative, and the NCCIA.

The products of the UNC study include:

- Briefings and updates to the NCIEDI board at several meetings, including its January 2003 planning retreat in Rocky Mount;
- Specific economic development assessments (written reports) for each tribe and urban association;
- This summary report of the findings from a statewide perspective; and
- Appendices of economic development resources and selected case studies of best practices relevant to multiple tribes or associations.

The remainder of this summary report includes three sections: an overall assessment of the American Indian economy in North Carolina, an inventory of the key strategic assets and critical challenges of the tribes and associations in this state, and some recommendations to the NCIEDI for enhancing economic opportunity and outcomes for Indian persons and tribes.

Current State of the Indian Economy in North Carolina

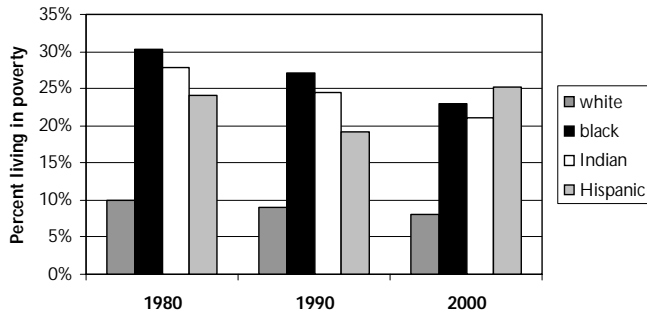
Until the NCIEDI requested this study, there had been to date no systematic assessment of economic development for American Indian people in North Carolina. The data available to make such an assessment are limited, but we consider here each of the following as indicators of the Indian economy:

- Outcome data on unemployment, poverty, income, and educational attainment of Indians, as compared with other people in the state
- Formation, growth and prominence of Indian-owned enterprises
- Profitability and sustainability of tribal enterprises

Economic outcome data. A first look at economic outcomes, shown in Figures 1 through 4, suggests some significant gaps between American Indians and whites, as well as in some cases compared with other minorities:

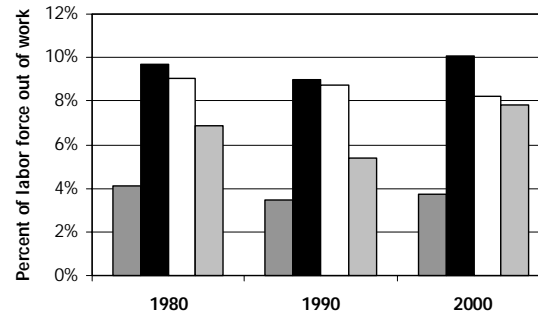
- The median household income for Native Americans living in North Carolina in 2000 was \$30,930, which is considerably less than the \$42,718 for whites, slightly lower than the Hispanic median of \$32,353 but above the black median of \$27,845;
- The percentage of Indians living in poverty in 2000 was just below the rates for blacks and Hispanics, and about three times as high as for whites (see Figure 1); and

FIGURE 1
Poverty Rates



Source: U.S. Census Bureau

FIGURE 2
Unemployment Rates



Source: U.S. Bureau of Labor Statistics

- The unemployment rates for American Indians in 2000 were about twice as high as for whites, similar to Hispanics, and somewhat lower than for blacks (see Figure 2).

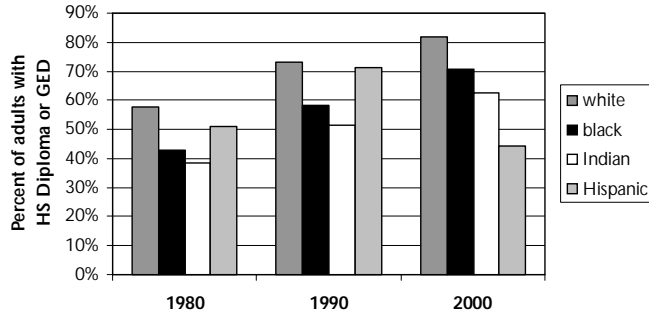
One common explanation for higher poverty and unemployment is lower educational attainment. In 1980, only two in five (39 percent) of American Indian adults (age 25+) living in North Carolina had completed high school. By 2000 it was nearly 63 percent, an enormous improvement in 20 years. Other races made great strides during that same period as well, so now nearly 82 percent of white adults and 71 percent of black adults in North Carolina have a diploma or GED (see Figure 3). The Hispanic population of 2000, which includes a large proportion of migrant farm workers, resembles the Native American population in 1980, with respect to its 40 percent high school graduation rate.

Several of the Indian stakeholders for this study asked specifically about the data on associate (two-year) degrees, as most of the tribes are in rural communities where their access to community colleges is much better than to four-year universities. However, the relative pattern of the data by race for those with an associate degree or higher is very similar to that of Figure 4 showing bachelors degree or higher. In fact, the percentage of American Indian adults (25+) in 2000 with an associate degree as their highest level of education (4.8 percent) is lower than the percentages for blacks (5.1), Hispanics (7.0), and whites (7.3).

With an increasing emphasis from today's jobs on college or even graduate-level training, it is important also to consider the college attainment rate. Although college graduation rates for Indians nearly doubled from 5.8 to 10.4 percent from 1980 to 2000, a community where only ten percent of adults are college-educated is not likely to attract many employers in today's knowledge economy. Skilled labor remains the top factor in the siting of industrial plants in the United States.⁴ College completion among

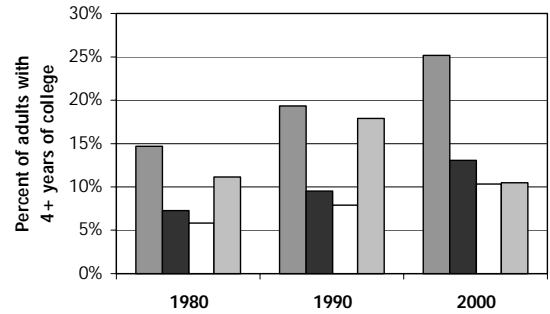
4. *Area Development*, 17th Annual Corporate Survey, Dec. 2002. See www.areadevelopment.com.

FIGURE 3
High School Completion Rates



Source: U.S. Census Bureau

FIGURE 4
College Education Rates



Source: U.S. Census Bureau

Hispanics and blacks is low as well, relative to the 25 percent rate for whites in 2000 (see Figure 4).

These data suggest great progress in educational attainment and poverty reduction for Native Americans over the last 20 years, but also a long way to go both to narrow racial gaps and to be competitive for well-paying jobs. The need is clear for some attention to economic development initiatives tailored to the needs of American Indian people.

American Indian-owned enterprises. There are and have been *many* successful Indian-owned enterprises in North Carolina — including a multinational chemical industry, a printing business, an automotive dealership, a dance studio, environmental services firms, and many construction trades and personal services businesses. Despite their success, these businesses, with a few exceptions, are not well-known around the state, even among Indian people. One reason is that many of these firms are quite small (“microenterprises”) and therefore hire very few people. In addition, as our interviews revealed, the cultural reticence of American Indians to “toot their own horns” may be a factor in the low profile even of the larger businesses. Nonetheless, there are some clear role models and success stories among Indian entrepreneurs to learn from and build upon for the greater economic benefit of Indian people.

Considerably more detail about the experiences and issues of Native-owned enterprises can be found in each of the tribe-specific reports.

Tribal enterprises. While casinos are the first type of tribal enterprise that most non-Indians think of, federal recognition is a pre-requisite for an Indian tribe to operate any type of gaming enterprise. Even though the Eastern Band of the Cherokee Indians has long been federally recognized, its casino “wasn’t the tribe’s first choice as moneymaker. We tried every avenue of economic development other than gaming, but none of them lasted,” according to former Tribal Chief Joyce Dugan. Over the past 75 years, that included ventures in logging, forestry, quilt making, trinket assembly and low-cost tourism. Each flourished for a while, then faded away.⁵ The gaming op-

5. Quoted from “Casinos lift Indians closer to other Americans,” National Indian Gaming Association News, April 27, 2003 (www.indiangaming.org).

eration began in 1993, when the tribe converted its 10-year-old bingo hall into a small casino, and the large Harrah's casino opened in 1997.

Because full federal recognition is required to offer gaming, none of the other N.C. tribes has tried any gaming enterprises. The Lumbees have discussed the possibility of developing a casino on I-95 at some point in the future if they receive the federal recognition they seek.

There have, however, been numerous attempts by North Carolina's tribes and associations of Indian people to establish their own business enterprises, in part with a goal to employ Indian people. As with individual enterprises, some tribal enterprises have been successful, and some have closed for various reasons. A few examples of each are shown in Table 2.

Although many tribes operate successful housing programs, and some have day care centers or home health agencies, these are "economic development" enterprises only to the extent that they bring in revenue from non-Indians or buyers outside the community. Economic developers also try to attract or build businesses that help retain residents' property and sales taxes and disposable income in the community. If they serve only the tribal members, they are nonetheless important service organizations that enhance the local quality of life for the citizens and create a few jobs for Native Americans. Economic developers are in the business of creating and expanding "export" industries, meaning they create a product or service that brings in money from the outside that would not otherwise be in the community.

Again, each tribe and association-specific assessment includes further information about various tribal enterprises attempted in the past and under consideration for the future. The common lessons that emerge across all of these experiences include:

- Rural areas lack the critical mass of population to establish sufficient markets for craft or gift shops, farmer's markets, and drive-by tourist attractions.
- The development of a business plan, which includes realistic financial projections and a market analysis, is a prerequisite for most successful tribal enterprises (the same holds for private establishments).
- Experienced private business management, including the flexibility to make hiring and other operational decisions without regard to tribal politics, is critical for the long-term profitability of the enterprise.

Similar lessons came up in UNC's reviews of the experiences of Indian tribes in other states. The good news is that there are resources like the Service Corps of Retired Executives (SCORE) and Small Business Centers that provide free and inexpensive assistance with business plans, which tribes can access if they are serious about enterprise development. Not all tribes are interested in developing and running their own businesses and prefer instead to provide services or facilities to help their members succeed in Native-owned enterprises.

State economic context. In considering the opportunities for improving economic development for Indian people, it is important to note some of the challenges in the North Carolina economy overall. North Carolina was first in the nation in loss of manufacturing jobs in 2002, and it had a higher unemployment rate (6.7 percent) than 46

TABLE 2
Selected Examples of Tribal Enterprises in North Carolina

Successes to build upon:

- Several of the tribes and associations operate successful **housing** enterprises that help create jobs and tax base for the community.
- Guilford Native Industries, an **assembly and packaging** business established by the Guilford Native American Association (GNAA), provided up to 40 jobs annually over a 10-year period to single mothers and older women who had no formal skills. They also started an industry-related day care for the employees funded through a scholarship grant from the City of Greensboro and United Way. The business eventually closed due to a loss of contracts to developing countries, but it did generate income for the GNAA and helped develop good work ethic. The day care center is still operating but not yet fully self-supporting. A **greeting cards** company, Rising Star, was established in the 1980s using the work of North Carolina artists, and these are still being sold over GNAA's web site.
- The Lumbee Regional Development Association (LRDA), which served as the voice for the Lumbee People prior to the establishment of the Lumbee Tribal Council form of government, operates two **day care centers** (down from eight in the 1960s). LRDA is also still involved with a **turkey farm operation** as a contract grower for Prestage (they assisted 12 farmers to get into poultry farming) through this initiative. They operated two AM/FM **radio stations** and sold both for a profit. The Lumbee Tribal Council does not operate any tribal enterprises but is in the process of setting up a for-profit corporation so that it can.

Closures to learn from:

- In the 1970s, the Haliwa-Saponi tribe established the **Greenhouse Initiative** to raise nursery plants and vegetables that the tribe sold locally (e.g. farmer's markets, flea markets). The business also offered lawn maintenance services. Although the initiative employed several tribal members, the tribe was not able to secure any major contracts. According to tribal leaders, perhaps the tribe should have outsourced the greenhouse operation to existing growers, at least in the beginning stages.
 - In the early 1980's, the Waccamaw Siouan tried a **catfish farming** demonstration project and a gift shop in Bolton. There are a few catfish farms still operating but on a small scale as the project was established on individual tribal members land rather than tribal owned land and the gift shop could not sustain itself after a grant was exhausted.
 - The Coharie Tribe in the past was involved with a **woodworking** business and **catfish farming**. The woodworking business lacked a market for its products and the tribal council did not own real estate to continue the catfish farms nor the property with the required type of soil.
 - The Lumbee Regional Development Association ran a **manufacturing plant** for ammunition boxes, but it was governed by a fixed price contract that was set too low to be profitable.
 - The House of Keyauwee, a GNAA enterprise producing **furniture accessories**, went under when the supplier closed down and the head of the program left to work for an established furniture company.
 - A few tribes have tried, or considered trying, a **crafts shop** in rural areas with low traffic. A more promising strategy may be a cooperative among several tribes that market crafts to other native and non-native shops and craft shows.
-

other states.⁶ There has been steady and even some rapid growth in the urban areas of the state until the recent recession, but the rural areas have not kept up, mainly due to education and infrastructure deficiencies. Only 11 rural counties have income levels above the state median.⁷ One factor associated with the poverty of Indian people is that many of them — in the Coharie, Cherokee, Haliwa-Saponi, Lumbee, Meherrin and Waccamaw-Souian tribes — are living in poor rural communities in the state, in counties the N.C. Department of Commerce classifies as Tier 1 or 2, most distressed or very distressed. Even the urban areas, especially Fayetteville and Greensboro/High Point, are suffering substantial economic restructuring that offers no guarantee a Native American can find a job just by moving to the city.

In this global economy, gaps between rural and urban, perhaps especially in the South, are increasing,⁸ and overseas competition is fierce and growing. Even places with experienced professional full-time economic developers and seasoned entrepreneurs are struggling to be profitable and create jobs. In this context, it is important for American Indians and their tribal communities to set realistic expectations.

What does it take to compete in today's economy? Rather than just examining the traditional assets for economic development, the UNC Office of Economic Development prefers to consider a broader framework of competitiveness for the new economy. Creating a climate where businesses can start, thrive, and create jobs and investment requires several types of capital — physical, human, financial, and social — and the leadership and strategic direction to leverage these effectively. Physical capital includes infrastructure of all tangible sorts. Human capital includes an educated and trainable workforce, still the number one factor in most firms' location decisions. It also includes the employers, leaders and educators in an area. Financial capital includes an array of public and private resources for development. And social capital includes the information, trust and mutual aid that stem from various "people networks" and programs.

The UNC study team considered each of these types of capital to characterize the asset base — and challenges — of Indian tribes, communities, and citizens around the state. These categories should also help the NCIEDI in developing the types of interventions that may be needed to strengthen the economic base for Native American people.

Key Findings of the Statewide Assessment

Below, under each heading, the key *cross-cutting* or statewide findings are reported from the focus groups, interviews, and reviews of tribal documents. The findings and recommendations specific to each tribe are addressed in the separate tribe reports.

6. For the year 2002; www.bls.gov.

7. See www.ncruralcenter.org.

8. "Rural Development for the New Economy", presentation by Edward J. Feser, N.C. Department of Commerce, to the North Carolina Economic Developers Association, June 10, 2003.

Physical capital

Physical capital includes land as well as infrastructure in and on the ground.

- All the North Carolina tribes/associations either currently have, or want, a central physical place for networking, information, and tribal programs. This is important both to tribal leaders and their citizens who want a single place to gather.
- Several tribes and associations own housing or residential property. For example:
 - The Guilford Native American Association maintains several rental units purchased through loans from the City of Greensboro and First Union Bank.
 - In response to some of the restrictions on land purchases in federal grants, 25-30 members of the Haliwa-Saponi tribe decided to invest in the land market through the purchase of 290 acres in Warren County from Continental Can (formerly International Paper). The tribal council supported the venture and provided financing for 25 acres. TOT Properties sold the timber for around \$75,000 and is now offering housing lots to tribal members, with financing and low down payments.
- Several tribes own land that they are considering developing. Common ideas they have for what to do with the land include a day care center or nursing home. While these types of facilities serve an existing need and create some jobs, they are difficult to run as for-profit businesses unless they also serve non-Indians (as some do). Other ideas are museums, “living villages”, theme parks, canoe livery & horseback riding in state parks, and other tourism attractions; summer camps; and sustainable forestry. Some tribes simply want a tribal office, not to generate revenue.
- The North Carolina Indian Cultural Center is on 400 acres of property near Pembroke and currently developed in part for recreational uses. It is owned by the state, which has leased the land for 99 years to the North Carolina Indian tribes and urban Indian organizations. Some financial matters are still being worked out so that its development can be completed and sustained. The finished center is expected to include Indian villages, arts and crafts displays, museums, recreational facilities and other related opportunities.
- Many of the tribes operate in small, rural communities that have limited infrastructure for economic development, including broadband telecommunications and in some cases water and sewer lines.
- The urban associations operate in environments where essential infrastructure is in place, as are more job opportunities, at least during times of economic expansion — but their members are more diffuse geographically.

Human capital

Human capital includes an educated and trainable workforce, as well as the employers, leaders and educational institutions in an area.

- The Native American workforce is not nearly as educated as its white counterpart. Since skilled labor continues to be the pre-eminent factor in business location decisions, and nearly all the living-wage jobs of the new economy require an associate degree or bachelor's degree, this will be a critical challenge for North Carolina's Indian communities.⁹
- A related challenge in the rural Indian communities is the brain drain of young people — who go to college and don't come back because there are few well-paying jobs.
- The University of North Carolina system, and UNC-Pembroke in particular, have helped to develop Indian professionals statewide. The N.C. community colleges are also critical for workforce development and are a national leader; however, some were noted to be much better quality than others. Similar comments about variable quality were made about the K-12 public school systems.
- There are numerous Indian-owned enterprises, some of which have grown steadily and/or been profitable in national markets.
- Generally, however, Indian-owned enterprises are quite small; they are owned by “lifestyle entrepreneurs” who want to work for themselves but do not create many jobs for others.
- Several tribes have members with skills and reputation in construction trades, and many of these businesspersons are interested in military and commercial contracts.
- There are numerous talented artists and craftspeople in the full range of arts. But many of them do not have good markets or the business skills to make their trade profitable.
- All tribes/associations either have, or want, staff that can be resource people for current and prospective business owners in the tribe.
- The N.C. tribes and associations generally have a limited understanding of economic development, private markets, cost and revenue projection, effective marketing, and other competitive factors related to running a profitable private enterprise. Many of the tribal enterprises attempted and closed over the years, their own tribal leaders acknowledge, were due to ineffective management, which often stems from insufficient training and/or the lack of a business plan before making the investment.
- Until recently, there has been a considerable lack of focused attention from tribes on economic development, and they have minimal staff or other capac-

9. This is a classic “Catch-22” dilemma that small communities everywhere face, because if the well-paying businesses were local they could attract qualified workers back from the urban areas. The reality is that actual educational attainment of adult residents (not potential residents, or residents willing to get an education later), is what industries look at, using readily available data from the Census, when they are considering a plant location. One way around the problem of recruitment is to create homegrown jobs in the Indian communities, but even Native-owned businesses remark on the poor education levels and skills of many of their tribal members.

ity with economic development experience. The tribes' best resource for economic development is their members with successful business experience.

Financial capital

Financial capital includes an array of public and private resources for development.

- Many tribes focus solely on federal grant dollars to seed their initiatives; few seem to have awareness of the rich array of state and non-profit economic and business development programs in North Carolina. Several of these organizations are included in the list of relevant resources appended to this report.
- Several tribes rely on grant funding for specific programs that are not sustained after the initial grant expires, because there is no substantial local investment to ensure longer-term funding. Fundraising within Indian communities is rarely done except informally.
- Most Indian businesspersons are familiar with U.S. Small Business Administration (SBA) programs, including 8(a), but they lament the bureaucracy and paperwork associated with SBA dealings and the “good old boy” politics that seem to govern its rulings. Some of these comments may be based on dated information, as many SBA programs have been streamlined in recent years.
- The Lumbee Guaranty Bank, established in 1971 in Pembroke, was the first bank in the United States owned and operated by American Indians. Its customer base is not limited to Indians, and even some Lumbees say it is not necessarily the first place they would go for credit. The bank is a strong supporter of higher education, having just pledged a 30-year scholarship program to help selected students complete college or technical school.
- Some business owners noted the lack of business capital at various stages (start-up, expansion), especially in recent years.
- A few tribes have established community development corporations in part to address the need for capital. For example, using funds from the Halifax-Edgecombe-Wilson Enterprise (HEW) Alliance, Native Opportunity Way (NOW-CDC) in Hollister is offering small business loans of up to \$10,000 to entrepreneurs whose businesses are at least one year old. NOW-CDC hopes to use the HEW funding to leverage additional capital from banks, churches, foundations, and the federal government.
- There seems to be limited recognition of the value of technical assistance in making a business more profitable — though perhaps primarily because our business informants had not experienced good technical assistance at a critical time. One businessperson did give an example of a phone call he once had that saved his business \$40,000.

Social capital

Robert Putnam, Harvard professor and best-selling author,¹⁰ defines social capital as the information, trust, mutual aid, solidarity, and cooperation that derive from social networks among people. Prosperous communities and regions around the world are recognizing the critical value that social networks play in linking people, organizations and businesses to what they need to be successful.

- Tribal communities are close-knit, family-oriented, have a strong ethic to take care of their own, and frequently draw remote members back to visit. Their “within-tribe” social networks are generally quite strong. A few tribes have internal divisions that compromise their cohesion and therefore how well they can build on trust and reciprocity.
- The NCIEDI is a new but evolving place for networking among tribes on economic development issues and can be a powerful bridge for all the Indian communities to state resources and programs. The NCIEDI is currently recruiting an Executive Director who can help coordinate multi-tribe efforts.
- The social networks of N.C. Indians with non-Indians in their community are generally much less strong. Issues of trust and cultural difference will likely always reinforce some such separation, except from selected groups that have demonstrated their genuine goodwill.
- Indian persons and their tribes experience a frequent tension between assimilation in the mainstream community and maintaining their cultural integrity and privacy. This is one factor explaining their relatively weak participation in state economic development and business networks. Several of the tribes and associations are interested in exploring partnerships with other minority organizations and non-profits around mutual interests.
- In some tribal communities there is not very good information about available resources and services within the state. In other cases, however, there is direct experience with these organizations, and if it has ever been unsatisfactory, people don't go back. In general, though, Indian people are more likely to feel comfortable if one of their own tribe is either the service provider or acts as a liaison.¹¹
- In the urban areas, there is sometimes more than one organization that represents Indian interests, and they operate either with respectful separation or mutual suspicion, neither of which is effective leveraging of the limited social capital that Indians have in any area. Creating solidarity and critical mass can be

10. Putnam's most recent book is *Democracies in Flux: The Evolution of Social Capital in Contemporary Society* (2002). He also wrote *Bowling Alone: The Collapse and Revival of American Community* (2000). *Making Democracy Work: Civic Traditions in Modern Italy* (1994) is perhaps most relevant to this study, as Putnam studied small craftsmen in the small and medium-sized towns in Italy, who bear some similarities to Native Americans.

11. Appendix A to this report contains a summary of economic development practices and resources in North Carolina.

very important, especially in a state like North Carolina where Native American people have a low profile relative to Hispanic and African-American minorities.

- Sometimes there is such a strong ethic of privacy that business people even within a tribe do not share information with each other and/or view one another only as competitors. One of the paradoxes of the new economy is that communities and companies must sometimes collaborate with those they otherwise compete with — in order to get what they all need, be it trained labor, infrastructure, capital, or information.
- Information about other Indian-owned businesses is not simple to come by, contributing to a sense of isolation among Indian small business owners. The Lumbees have a business directory and the GNAA is developing one — but there is no statewide database of businesses owned by Native Americans. A database and common web site could help such firms support each other as well as aggregate demand in marketing to the rest of the state and nation.
- There is now a North Carolina chapter of the American Indian Chamber of Commerce, as well as a North Carolina Indian Business Association, but the chamber is just getting started (October 2002) and NIBA is no longer active in providing directories, technical assistance, valuable networking, or other services small businesses need.
- Indian tribes in N.C. have limited visibility in the “white” community, and recognition tends to be for their cultural roles only. Indian persons are not known as an economic, business or political force, except perhaps in Robeson County where the Lumbee tribe is heavily concentrated (and in Swain County where the Eastern Band of the Cherokee Indians is a strong and visible force).
- The local economic developers in North Carolina do not have much awareness of or interaction with the tribes and associations. An exception is the one Native American economic developer in Robeson County.
- Discrimination toward Indians is still a reality in many communities and workplaces.
- Some Indians harbor genuine ill-will toward other minorities in their communities, who tend to compete for many of the same types of jobs and small business opportunities. Some Indians are also sometimes mistaken for Hispanics or African-Americans, and they see themselves as a very different type of “minority.” On the other hand, some American Indian business persons feel that Latino tradesmen are filling a labor gap for sub-contractors, both Native and non-Native.

General Recommendations to the NCIEDI

First, it is important for the Initiative to develop economic development strategies that build upon the niches and strengths of the Indian communities, rather than trying to duplicate what others are doing or uncritically adopting the latest hot idea. The core

competencies of North Carolina’s Indian communities, based on the various data from this assessment, include:

- American Indian business savvy and reputation for quality work
- Strongholds in construction and crafts
- Ethic of taking care of each other
- Tribes’ ability to access federal grants
- Tribal assets including land
- NCIEDI as bridge to state resources and programs

The Office of Economic Development and the individual members of the study team have assisted numerous communities and regions with economic development planning and implementation efforts and observed a variety of successful initiatives as well as many that have derailed after a few months. Two additional pointers may be helpful to the NCIEDI as it proceeds with an ambitious agenda:

1. Start with something everyone can agree upon, and build on success and unity
2. Select “the vital few” initiatives — don’t get spread too thinly

Recommended Strategies and Projects

To strengthen the “Indian economy” in North Carolina will require one or more of several strategies on the part of the tribes and associations and/or NCIEDI. Most eco-

TABLE 3
Economic Development Strategy Preferences among Indians in North Carolina*

37	Assistance to existing businesses
35	Entrepreneurship / business start-up mentoring, financing, training**
31	Partnerships with non-Indians in community, county, federal agencies, state, private sector
26	Workforce training to enter mainstream jobs
17	Tribal enterprises
13	Infrastructure development
7	Tourism
5	Agricultural or other cooperatives***
5	Recruiting new businesses
2	Selling or optioning land to county or college

NOTES:

- * From the 60 people who participated in one of the focus groups UNC held in various Indian communities around the state in Fall 2002 – Winter 2003. These participants were invited by the tribes, using guidelines the UNC team provided about the desired types of informants, including private business owners and tribal officials. These results do not necessarily represent all Native Americans’ perspectives.
- ** Several stakeholders reviewing these results asked about the difference between these first two strategies. Entrepreneurship strategies generally focus on the start-up of new businesses and the early stages of their development. As most businesses are small, programs to help existing businesses sometimes overlap with entrepreneurship programs. The focus of both types of efforts is to create and sustain businesses that can be profitable (and create jobs) in a very competitive market economy.
- *** Agricultural issues were rarely mentioned in the tribal communities, perhaps because few farmers were invited by the tribes to participate in the focus groups. Since most of North Carolina’s small farmers are going out of business, if they have not already, any strategies around agriculture should be developed in close consultation with the N.C. Cooperative Extension Service and the research on alternative market crops at N.C. State University.

conomic development strategies for a place can be grouped into several categories of activity. The UNC team developed a generic list of some of these as part of the data collection protocol and asked of the groups convened statewide to vote on which strategies were most appropriate and desirable in their communities. The resulting vote counts are shown in Table 3.

Since experts now agree that most job growth comes from small businesses, and that at least half of job growth comes from firms already in an area¹² rather than from new companies moving in, the expressed focus on helping existing businesses and start-ups is appropriate. None of the discussions we had around the state centered on the traditional economic development strategy of industrial recruitment. Given the effects of the global economy, industrial recruitment is a challenging strategy even for most non-Indian communities, and entrepreneurship development is more consistent with Indian cultural norms.

In addition to the pre-set choices offered, groups in several of the Indian communities discussed the importance of leadership training and staff development for tribal council members and staff.

Based on the assessment of Indian communities statewide, and discussions with the NCIEDI, the UNC team recommends several key *strategies* for the NCIEDI and its members to use in spurring economic development for Indian people in North Carolina:

1. Improve the visibility of the Indian population as fully contributing members of 21st century society in North Carolina.
2. Help existing Indian-owned businesses to be more competitive and more profitable, and hire other Indians — so that there are professional or well-paying jobs locally for young talent to come back to.
3. Help Indians start new businesses that become profitable and add a needed product or service.
4. Upgrade the education and skills of unemployed and underemployed Indians so they can get “livable wage” jobs, decrease their dependence on the tribe, and have more ability to give back to their communities.
5. Work with the excellent array of state and nonprofit programs¹³ to bring economic development knowledge and resources to tribal councils and leadership
6. Create loan or investment programs that re-circulate funding within the Indian community.

12. David Birch is one of the first researchers to study the contribution of small businesses to the economy. His last study, of the period 1994 to 1998, found that the largest firms *lost* two million jobs, and small companies (under 500 employees) created ten million jobs. Within North Carolina, existing companies have accounted for about 62 percent of the job and wage growth from industry announcements since 1992, according to N.C. Department of Commerce data. These figures do not even include the many small businesses that do not make public announcements when they add a few employees.

13. These include the Self-Help Credit Union, the Institute for Minority Economic Development, the N.C. Community Development Initiative, N.C. Rural Center, the North Carolina Community College System, the Small Business and Technology Development Centers, and others. Information about these and other North Carolina programs is contained in Appendix A of this report.

7. Undertake joint projects among the NCIEDI member tribes and urban associations to foster better cross-tribe and rural-urban linkages.
8. Use tribal land assets to create a new generation of tribal enterprise (e.g., tourism-related, other than gambling) that can bring in money from the outside and create local jobs.

All of these are examples of attracting, retaining or expanding existing capital — physical, human, financial or social. The idea is to keep the resources each tribe or association has — which include knowledge, connections, and leadership — working for the benefit of its members. Strengthening any economy requires plugging up the outward leakages of its resources so they can be concentrated, not diffused.

For example, most Indians now work for enterprises not owned by other Indians, and in many cases make purchases in other communities where they commute to work instead of at home. Those who are thus employed bring income back to their communities, but they are not creating additional economic benefit to tribe members except to the extent that they support other Native-owned enterprises with their purchases. Similarly, most Indian-owned businesses currently serve a broader clientele than other American Indians and trade with many other businesses than Indian-owned ones. This is likely important to their survival; however, if they each could do business with even one additional Indian-owned business, some of which they may not even know about, they could keep even more of their resources working to the economic advantage of Indian people.

As specific *projects* to implement the eight strategies above, in Table 4 we offer both general *action steps* and those specific to a certain type of business. In each case we reference examples of best practices to consider in doing it, as well as the strategies it helps to implement. Appendix B of this report includes more detailed information about best practices in several types of statewide efforts the NCIEDI may consider.

The assumption behind several of these strategies is that American Indians would have a preference for buying from and/or mentoring to other Native-owned businesses. Several skeptical comments from tribal members, however, about the value of business data bases, cooperatives, and networking suggest the need for the NCIEDI to validate whether, even with better information about Indian vendors, they would support each other. If they will not, then the benefits of aggregating the demand of small Indian communities are unlikely to ensue.

It may also be important for NCIEDI to consider how it is positioned, configured and housed, as one way to improve its effectiveness in carrying out the strategies above. Its spawning organization, the NCCIA, is housed in the governor's Department of Administration, which is not visible to the economic and business development world. The NCIEDI should consider strengthening or in some cases even formalizing its institutional partnerships with:

- The North Carolina Rural Economic Development Center
- The Institute for Minority Economic Development
- The Self-Help Credit Union

TABLE 4
Recommended Projects for NCIEDI and its Members

Project/action step	Relevant strategies (from pp. 19–20)	Relevant models and/or resources
<i>General projects:</i>		
Develop a statewide support system for Indian businesses . This could include: <ul style="list-style-type: none"> • networking opportunities • seminars and technical assistance from existing high-quality service providers • mentoring or apprenticeship programs for Natives helping Natives • statewide database of Indian-owned businesses, searchable by product and geography • data on business startups, expansions, closings — to track progress over time 	(2), (3)	Model: Minnesota’s American Indian chamber of commerce (www.maicc.org) Partners: SBTDC, Self-Help, Institute for Minority Economic Development
Hold an economic development seminar for NC tribes and associations. Feature economic development service providers and Indian-owned businesses on the program.	(5), (7)	Resources: SBCs, SBTDCs, and the Industrial Extension Service
Offer scholarships to Indians to attend the Rural Center’s economic development leadership institute	(5)	Resources: www.ncruralcenter.org
Create a special loan pool or credit union tailored to the needs of Indian people	(2), (3), (6)	Models: Lakota Fund in SD; Four Times Fdn., an equity-granting org. serving 5 reservations; Self-Help’s Latino Credit Union; N.C. Rural Center’s Microenterprise Loan pgm.
Hold a business expo for Indian-owned firms statewide. Work with the state business association and/or commerce department to invite large employers in relevant sectors.	(2), (3), (1)	Partners: N.C. Department of Commerce, N.C. Citizens for Business and Industry
Conduct a statewide public relations campaign for tribes, associations, and Indian-owned businesses. Feature successful entrepreneurs in a variety of sectors.	(1), (2), (7)	Model: “Good News Bureau” in Fayetteville
<i>Sector-specific:</i>		
Consider (again) establishing a statewide Indian crafts co-op to market genuine handmade crafts and provide business training to artists. Attend the Community Solutions Institute that Handmade in America offers to leaders who want to transfer this model to other communities.	(2), (3), (7)	Models: Handmade in America (western NC); Lakota Fund
Consider establishing a statewide Indian construction co-op to serve the major urban markets of the state	(1), (2), (3), (7)	Model and partner: Institute for Minority Economic Development’s Contractors Resource Center
Improve opportunities for military contracting for Indian-owned businesses. Work with partners to train interested contractors in e-commerce and the procurement process.*	(1), (2), (7)	Partners: Electronic Commerce Resource Center, Greater Fayetteville Futures, N.C. Senator Tony Rand’s office

* Because the U.S. Department of Defense (like many large private corporations such as in the automotive industry) now requires all of their suppliers to use electronic commerce, training in e-commerce is a pre-requisite to be eligible to bid on military contracts.

- The N.C. Community Development Initiative
- The North Carolina Department of Commerce (NCDOC)
- The Small Business and Technology Development Centers (SBTDCs, from the UNC system)
- The Small Business Centers, North Carolina Community College System (NCCCS)
- The North Carolina Citizens for Business and Industry (NCCBI, the association of chambers)

At a minimum, the NCIEDI should develop a web site to articulate its mission, programs, and members, with links to the organizations above. Several of these organizations are already on the NCIEDI board and perhaps representatives from the others should be added as *ex officio* board members.¹⁴ Especially if they are engaged on a regular basis, these organizations are natural partners to lobby with around specific economic development issues at the General Assembly. The NCIEDI may also want to consider contracting with a lobbyist¹⁵ to cultivate relationships with key legislators in supporting future plans, such as for the Indian Cultural Center.

In the short term, however, while North Carolina and other states struggle with unprecedented budget cuts, the most useful type of support from the state is less likely to be appropriations or grant funds and more likely to be through the existing programs and staff of public and non-profit organizations like the above, which provide free or inexpensive technical assistance in business competitiveness tactics. The NCIEDI is already positioned well in its first year to play a critical role as a broker to:

- Help Native business owners learn to fish in more profitable waters and tap into free and inexpensive expert advice;
- Help tribes to develop the business skills and knowledge to run tribal enterprises as profitable businesses, and to use grants from various sources as seed funds or start-up investments that result in a greater payoff later, rather than as subsidies that disappoint everyone when they run out; and
- Create a platform for tribes and associations to work together on joint projects that help create solidarity and critical mass for the Indian people, who remain a relatively small, diffuse and low-profile racial group in North Carolina.

Despite their small numbers, the American Indians in North Carolina have many promising opportunities to improve their economic opportunity and quality of life — one step at a time, in focused ways. The anthropologist Margaret Mead believed that cultural patterns of racism, warfare, and environmental exploitation were learned, and that dedicated members of a society could work together to modify their tradi-

14. The addition of non-Indian organizations to the board need not compromise the self-determination that the Native Americans want for the NCIEDI, particularly if Indians retain all the seats on the executive committee, and the additional organizations would not be voting members.

15. One possibility is to contract with a firm that is already tracking economic development issues, such as L.A. Harris and Associates, to get Indian concerns on its lobbying agenda.

tions and to construct new institutions.¹⁵ Her well-known slogan could be a motto for the Indian people of North Carolina: “Never doubt that a small group of thoughtful, committed citizens can change the world.”

16. From *Margaret Mead, a Biography of Human Freedom* (www.mead2001.org/Biography.htm.)

